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1. DESCRIPTION OF BUSINESS

Excelsior Mining Arizona, Inc. (Excelsior) is a wholly owned subsidiary of Excelsior Mining Corp. (Excelsior Parent), a publically-traded mineral development company. Excelsior's corporate offices are located at 2999 North 44th Street, Phoenix, AZ 85018. The principal business of Excelsior is the acquisition, exploration and development of copper mineral properties in Arizona. Excelsior's current focus is advancing the 100% owned Gunnison Copper Project (Project) to production.

The Project is located about 62 miles east of Tucson, Arizona on the southeastern flank of the Little Dragoon Mountains in the Cochise Mining District. The property is within the copper porphyry belt of Arizona. The Project contains copper mineralization in economic concentrations.

The Project now contains a Measured & Indicated mineral resource estimate of 4.95 billion pounds of oxide copper and an additional Inferred mineral resource estimate of 0.58 billion pounds of oxide copper.

Gunnison Project Mineral Resource (0.05% Total Cu cut-off grade)

Resource Category	Short Tons[1] (Millions)	Total CU[1] (%)	Cu Metal[1] (Billions of lbs.)
Measured	199	0.36	1.43
Indicated	667	0.26	3.53
Measured + Indicated	866	0.29	4.95
Inferred	173	0.17	0.58

Notes: [1]Rounding as required by reporting guidelines may result in apparent discrepancies between tons, grade, and contained metal content. Source: M3, 2016.

Excelsior's preferred alternative to open pit or underground mining is In-Situ Recovery (ISR). The copper carbonates and oxides occur preferentially as coatings on the fracture planes and as veinlets or matrix fill to the broken fragments. This will result in preferential exposure of the copper minerals to lixiviant (the liquid medium used for metal extraction), thus reducing the amount of acid consumed by the unexposed carbonate rocks. The above features, combined with the large size of the deposit, indicate ISR is a viable approach to mining.

The techniques for ISR have evolved to the point where it is considered a controllable, safe and environmentally benign mining method with low capital and operating costs. The technology has been proven, with over 90% of 2006 uranium production in the United States coming from ISR operations. In addition to uranium, the technique has been successfully applied to the mining of oxide and sulfide copper, gold, sulfur, salt, phosphate and boron.

Excelsior intends to commence production at the Gunnison Project after completing a bankable feasibility study and all required permits are obtained. Excelsior intends to have initial production from the Gunnison Project of 25 million pounds of copper per year. It intends to utilize the SX-EW plant located at the recently acquired Johnson Camp Mine site to process copper solution extracted from the Gunnison Project. Over time, Excelsior will expand the production at the Gunnison Project to full capacity of 125 million pounds of copper per year.
1977).

The ISR portion of the project is classified under SIC code 1021: Copper Ores. According to the Occupational Safety and Health Administration (OSHA) website, this classification includes:

> "Establishments primarily engaged in mining, milling, or otherwise preparing copper ores. This industry also includes establishments primarily engaged in the recovery of copper concentrates by precipitation and leaching of copper ore."

The SX-EW plant is classified under SIC code 3331: Primary Smelting and Refining of Copper. According to the OSHA website, this classification includes:

> "Establishments primarily engaged in smelting copper from the ore, and in refining copper by electrolytic or other processes."